



## **AUDIT AND RISK COMMITTEE CHARTER**

### **Audit and Risk Committee Underlying Philosophy**

The Board of Foley Wines Limited (FWL) aspires to achieve best practice standards in corporate governance and in the preparation and presentation of its published financial statements, as required by the Financial Reporting Act, and that they present a true and fair view of the current state of FWL's financial (and operational) affairs. The primary objective of the Audit and Risk Committee is to assist the Board of Directors in fulfilling its responsibilities relating to annual reporting, tax planning and compliance, and risk management practices.

Management's monthly financial (and operational) reports are the most significant tools the Board has to monitor the Company's performance.

The underlying internal control and accounting and operational systems determine the accuracy of the financial statements and results presented to the Board. The Company does not have an internal audit function. Procedures have been established at the Board and executive management levels that are designed to safeguard the assets and interests of the Company and ensure the integrity of reporting. The Board acknowledges that it is responsible for the overall internal control framework but recognises that no cost-effective internal control system will preclude all errors and irregularities.

The External Auditor is responsible for reviewing and making recommendations on these underlying control systems to ensure they produce accurate and consistent reports on which Shareholders may rely and, to assist meeting this responsibility, the External Auditor shall have full access to all board papers and minutes and all financial and related records.

It is paramount the independence of The External Auditor is maintained for Shareholders' benefit.

The Audit and Risk Committee is responsible to ensure the External Auditor's independence is maintained. In the event there is actual or perceived conflict this should be brought to the Board's attention for resolution. If the risk is accepted (e.g. for statutory share register audit), because it will be outweighed by the value to be achieved by the External Auditor undertaking such activity, and is compatible with maintaining the external audit independence, such decision must be transparent and is to be recorded in the Minutes of the Board.

The Company invites the External Auditor to attend the Annual Meeting of Shareholders and they are available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

### **Audit Committee Membership**

The Audit and Risk Committee shall be appointed by the Board and shall consist of at least three members, all of whom must be Non-Executive Directors, and the majority of whom must be Independent Directors. At least one member must have a high level of financial expertise in either

accounting or finance. The Chair of the Committee must be independent and must not be the Chair of the Board.

The Committee members are Grant Graham (Chairman), Anthony Anselmi and Paul Brock. At present all members are Non-Executive and Independent Directors.

### **Meetings of the Committee**

A quorum shall be two independent members and in attendance (by invitation) will be the Chief Executive Officer/Executive Director (CEO) and Chief Financial Officer (CFO). All Directors are entitled to attend meetings of the Committee. To ensure a quorum, members may link via telephone or other audio-visual communication enabling all members to participate simultaneously. The CFO is responsible for recording the minutes of each meeting.

The External Auditor is invited to attend the Annual Accounts sign-off Audit and Risk Committee meeting. The External Auditor shall be invited to meet with Committee members without management present to permit the full and proper discharge of their independence.

### **Responsibilities and Reporting to Board**

The responsibilities of the Committee require it to:

- ensure that appropriate financial reporting and internal control processes are implemented and monitored and to ensure the Board is appropriately informed on corporate financial matters;
- regularly review the risk framework for the Company and to review internal controls to ensure processes are in place to mitigate the effect of any changes in business risks impacting the Company and to review the insurance program as presented by management;
- recommend to the Board the appointment and compensation of the External Auditors and to annually assess their performance and independence;
- liaise with the External Auditors at least twice per year and review their audit plan and recommendations, and any significant findings or recommendations from their audit, and to ensure these are actioned by management;
- review and form an opinion on the draft half year and full year financial statements and reports against compliance and appropriate laws and regulations noting any material accounting policy changes and confirm that the financial statements present a true and fair view of the Company's results and of the Company's assets;
- form an opinion on the financial performance of the Company and its financial structure;
- the Committee will hold at least two meetings per year, scheduled to ensure timely review of the half year and full year financial statements and report. An agenda for each meeting will be distributed at least five working days ahead of each meeting. The Chair shall report to the Board after each meeting;
- review (and approve, if deemed appropriate) any requests by relevant parties to trade in the Company's restricted financial products in accordance with the Company's Financial Product Dealing Policy, and in addition, review any breaches of that policy;
- any other matters referred to it by the Board, or any other party in relation to breaches (or suspected breaches) of the Company's Code of Ethics.

### **Review**

The Committee shall formally review its activities and objectives bi-annually the results of which will be submitted to the Board.